

Message Text

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ACTION SS-15

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

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USIA-06 SAM-01 OES-03 SP-02 STR-04 TRSE-00 PA-01

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TO SECSTATE WASHDC 3435

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

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SUBJ: EC PREPARATIONS FOR THE PRODUCER/CONSUMER DIALOGUE

REF: (A) STATE 231097; (B) USEC BRUSSELS 8670; (C) USEC BRUSSELS
8655; (D) ROME 13795

SUMMARY: ECMIN CALLED ON MFA ENERGY COORDINATOR MIGLIUOLO OCTOBER 2
TO REVIEW PROGRESS IN FORMULATION OF EC MANDATE FOR PREPCON AND
SUBSEQUENT MAIN CONFERENCE PRIOR TO MIGLIUOLO'S DEPARTURE FOR
COREPER MEETING SAME DAY IN BRUSSELS. HE BELIEVES THAT ONLY A
GENERAL EC MANDATE CAN BE AGREED TO PRIOR TO PREPCON, EVEN IF
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SUBSTANTIVE ISSUES RELATED TO MINIMUM SAFEGUARD PRICE AND PETROLEUM

PRICING CAN BE RESOLVED BY COUNCIL OF MINISTERS. MIGLIUOLO DOUBTS EXISTENCE OF A FULL CONSENSUS ON ROLE OF FOURTH COMMISSION. ECMIN USED OCCASION TO ENSURE MIGLIUOLO UNDERSTOOD THAT US NOW BACKING PARIS AS SITE FOR CONFERENCE. END SUMMARY.

1. PREPCON. MIGLIUOLO BELIEVES IT UNLIKELY THAT COREPER WILL BE ABLE TO RESOLVE SUBSTANTIVE PROBLEMS IN EC MANDATE PRIOR TO PREPCON, AND THUS ONLY GENERAL MANDATE WILL BE POSSIBLE. TWO SUBSTANTIVE PROBLEMS UNLIKELY TO BE RESOLVED BY COREPER WILL BE REFERRED TO THE OCTOBER 6 COUNCIL OF MINISTERS' MEETING IN LUXEMBOURG: MINIMUM SAFEGUARD PRICE (MSP), AS REQUESTED BY UK, AND EXPLICIT DISCUSSION OF PRICING AND COSTS FROM PRODUCTION TO RETAIL DISTRIBUTION, REQUESTED BY ITALY. REGARDING MSP, MIGLIUOLO NOTED THAT UK WISHED DETAILED DISCUSSION, INCLUDING PRICE LEVELS (HE SAID HE UNDERSTOOD FROM OTHER BRITISH HAD INFORMALLY MENTIONED FIGURE OF US DOLS 7/BARREL TO DELEGATED). OTHER DELEGATIONS WOULD PREFER GENERALITIES ON DEVELOPMENT OF ALTERNATE ENERGY SOURCES RATHER THAN GOING SPECIFICALLY INTO MSP ISSUE. TRANSPARENCY, ACCORDING TO MIGLIUOLO, IS SEEN BY GOI AS DEVICE TO FOCUS DISCUSSION ON COST-PRICE RELATIONSHIPS; BY OFFERING ALSO TO INCLUDE RETAIL PRICES, GOI HOPES TO AVOID APPEARANCE OF CONFRONTATION.

2. FOURTH COMMISSION. MIGLIUOLO EXPRESSED LINGERING DOUBTS THAT, DESPITE FRENCH ASSURANCES, TRUE CONSENSUS HAS BEEN REACHED WITH LDC'S ON ROLE OF FOURTH COMMISSION. HE PARTICULARLY CONCERNED RE POSSIBILITY THAT ALGERIANS WOULD CAUSE DIFFICULTIES AT PREPCON. ACCORDINGLY, MIGLIUOLO HOPED FURTHER EFFORTS WERE UNDERWAY TO ENSURE CONSENSUS BEFORE PREPCON.

3. MAIN CONFERENCE. THE BROAD EC MANDATE FOR THE PREPCON WILL BE DIVIDED BY SUBJECT MATTER AND FURTHER ELABORATED TO FACILITATE EC PARTICIPATION IN THE WORK OF THE COMMISSIONS. MIGLIUOLO DID NOT ANTICIPATE MAJOR DIFFICULTIES IN FORMULATING AN EC POSITION IN COMMISSIONS ON RAW MATERIALS AND DEVELOPMENT. FORMULATION OF EC MANDATE FOR ENERGY COMMISSION CONSIDERABLY MORE COMPLICATED SINCE THIS LINKED TO PROGRESS ON A COMMON EC ENERGY POLICY. FURTHER DEFINITION ROLE OF FOURTH COMMISSION, PARTICULARLY LINKAGES WITH WORK OF OTHER COMMISSIONS, WILL BE NECESSARY BEFORE ELABORATING EC POSITION IN FOURTH CONFIDENTIAL

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COMMISSION.

4. PROCEDURES. ECMIN CLARIFIED USG POSITION ON SITE. MIGLIUOLO NOTED THAT HOLDING CONFERENCE IN PARIS COULD GIVE GOF MORE DIRECT ROLE IN MANAGEMENT. HE ASKED IF USG HAD REACHED POSITION ON MEANS OF SELECTING INDUSTRIAL COUNTRY CHAIRMAN, AND COMMENTED THAT ONLY PARTICIPANTS SHOULD BE ELIGIBLE. SINCE FRANCE WOULD PARTICIPATE UNDER EC BANNER,

FRENCH PER SE WOULD B EXCLUDED. MIGLIUOLO ADDED THAT HE
DID NOT BELIEVE IDEA OF FRENCH TECHNICAL CHAIRMAN WOULD
RECEIVE SUPPORT.VOLPE

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